

## Message Text

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ORIGIN ARA-04

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R 031949Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

AMEMBASSY KINGSTON

AMEMBASSY GEORGETOWN

UNCLAS STATE 091310

FOLLOWING REPEAT RIO DE JANEIRO 1525 ACTION STATE

INFO BRASILIA, SAO PAULO, ASUNCION, BELEM 29 APRIL 1974.

QUOTE:

UNCLAS RIO DE JANEIRO 1525

PASS COMMERCE: EXPORT-IMPORT BANK, BUREAU OF MINES; AND  
GEOLOGICAL SURVEY

E. O. 11652: N/A

TAGS: ENRG, BR, PA

SUBJ: ITAIPU AND TOCANTINS HYDROELECTRIC PROJECTS

1. ON APRIL 9 MINISTER OF MINES AND ENERGY UEKI ANNOUNCED THAT  
PRELIMINARY PLANS FOR TWO NEW HYDROELECTRIC PROJECTS ON TOCANTINS  
RIVER HAD BEEN SUBMITTED TO PRESIDENT GEISEL, WHO APPROVED  
IN PRINCIPLE AND RECOMMENDED IMMEDIATE UNDERTAKING OF DETAILED  
FEASIBILITY STUDIES. PROJECTS ARE SPECIFICALLY DESIGNED TO  
SUPPLY ELECTRICITY FOR ALUMINUM REDUCTION IN CONJUNCTION WITH  
EXPLOITATION OF EXTENSIVE BAUXITE RESERVES IN AMAZON AREA.  
HYDROELECTRIC SITES ARE LOCATED AT SAO FELIX (ABOUT 200 KM NORTH  
OF BRASILIA) AND TUCURUI (ABOUT 350 SOUTH OF BELEM). PROJECTS  
ARE UNDER AUTHORITY OF ELETRONORTE, RECENTLY ESTABLISHED  
SUBSIDIARY OF CENTRAIS ELECTRICAS BRASILEIRAS S.A. (ELETROBRAS),  
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THE GOB HOLDING COMPANY WHICH CONTROLS FEDERAL ELECTRICAL

UTILITIES AND COORDINATES COUNTRY'S ELECTRIFICATION PROGRAMS.

2. IN PRIVATE DISCUSSION APRIL 24, ELETROBRAS PRESIDENT MARIO BHERING STATED THAT TOCANTINS PROJECTS WERE CONSIDERED HIGH PRIORITY. THEY COULD BE OPERATIONAL IN SEVEN YEARS, DEPENDING ON DETERMINATION OF NEEDS OF ALUMINUM INDUSTRY. TUCURUI GENERATING CAPACITY WOULD BE 1,500 MW, WITH POSSIBILITY OF AN ADDITIONAL 1,500 MW IF RIVER FLOW CAN BE SUFFICIENTLY REGULATED. MAIN PURPOSE OF SAO FELIX DAM WOULD BE RIVER CONTROL, ALTHOUGH A 1,000-MW HYDRO PLANT IS CONTEMPLATED.

3. BHERING ALSO MENTIONED THAT NOW THAT GOVERNMENTS OF BRAZIL AND PARAGUAY HAVE NAMED THEIR MEMBERS TO ITAIPU AUTHORITY, THAT PROJECT COULD START MOVING FAIRLY QUICKLY. HE STATED THAT WITHIN NEXT FEW WEEKS CEREMONY PROBABLY WOULD TAKE PLACE TO FORMALLY INITIATE AUTHORITY. BHERING SAID AUTHORITY WOULD WELCOME EXPORT-IMPORT BANK FINANCING PARTICIPATION ON TWO MOST IMMEDIATE PHASES OF PROJECT: ENGINEERING (ABOUT \$50 MILLION) AND HEAVY CONSTRUCTION EQUIPMENT. HE STATED FURTHER THAT SERIOUS DISCUSSIONS ON POWER EQUIPMENT WERE AT LEAST ONE YEAR AWAY AND THAT ITAIPU OFFICIALS TO APPROACH ON ALL EQUIPMENT MATTERS WOULD BE JOHN COTRIM, WHO WILL BE AUTHORITY'S TECHNICAL DIRECTOR. (COTRIM FORMERLY WAS PRESIDENT OF FURNAS, ANOTHER ELETROBRAS SUBSIDIARY. BHERING HIMSELF HAS BEEN APPOINTED A MEMBER OF AUTHORITY'S ADMINISTRATIVE COUNCIL.) AIRGRAM FOLLOWS WITH ADDITIONAL DETAILS ON STATUS OF ITAIPU.

4. FYI: A BAUXITE BOOM IS BEGINNING IN AMAZON REGION WHICH COULD MAKE BRAZIL A MAJOR WORLD PRODUCER WITHIN 10 YEARS. COUNTRY'S RESERVES ARE ESTIMATED IN EXCESS 3 BILLION TONS. ALCOA AND ALCAN OFFICIALS PREDICT THAT, WITHIN DECADE, TOTAL OF \$2 BILLION TO \$3 BILLION WILL BE INVESTED IN BAUXITE-ALUMINA-ALUMINOM COMPLEXES IN AMAZON (EXCLUSIVE OF HYDROPOWER COSTS). A DOZEN BAUXITE PROJECTS ARE NOW IN EXPLORATION STAGE. VALENORTE (COMPANHIA VALE DO RIO DOCE, ALCAN AND 9 OTHER ALUMINUM COMPANIES, INCLUDING REYNOLDS) WILL HAVE FIRST ONE IN AMAZON TO COME ON STREAM, WITH PRODUCTION OF 3.4 MILLION METRIC TONS OF BAUXITE SCHEDULED FOR 1977, ALL OF WHICH IS TO BE EXPORTED. CONSTRUCTION IS DUE BEGIN THIS SUMMER. MINE WILL BE LOCATED IN PARA, 111 KILOMETERS FROM JUNCTION OF AMAZON AND UNCLASSIFIED

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TROMBETAS RIVERS. TOTAL INVESTMENT IS ESTIMATED AT \$117 MILLION. MINISTRY OF COMMERCE AND INDUSTRY BELIEVES THAT BY EARLY 1980'S BRAZIL MAY BE PRODUCING 5 MILLION MT OF BAUXITE, 2 MILLION MT OF ALUMINA AND 700,000 MT OF PRIMARY ALUMINUM. ALCAN PROJECTS DOMESTIC ALUMINUM MARKET OF 800,000 TO 1,000,000 MT BY 1985, WITH 400,000 TO 600,000 MT TO BE PRODUCED FROM AMAZON BAUXITE. REMAINDER WOULD COME FROM MINAS GERAIS, THE PRESENT SOURCE. EXPORTS COULD REACH AN ADDITIONAL 700,000 MT.

BY COMPARISON, IN 1972 BRAZIL PRODUCED 760,000 MT OF BAUXITE,  
192,000 MT OF ALUMINA AND 98,000 MT OF ALUMINUM. AN ADDITIONAL  
53,000 NT OF ALUMINUM WERE IMPORTED.

BOONSTAR

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## Message Attributes

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